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FM AMEMBASSY MANAGUA
TO RUEHC/SECSTATE WASHDC 2818
INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE

UNCLAS MANAGUA 000830

STATE FOR WHA/CEN, EB/IFD/OIA AND L/CID
STATE FOR WHA/EPSC
STATE PLEASE PASS TO USTR
TREASURY FOR INL AND OWH

SENSITIVE
SIPDIS

E.O. 12958: N/A
TAGS: [EINV](#) [ECON](#) [USTR](#) [KIDE](#) [NU](#)
SUBJECT: NICARAGUA: GON RACING AGAINST THE CLOCK TO RESOLVE U.S.
CLAIMS

REF: A) MANAGUA 724, B) MANAGUA 633, C) MANAGUA 564, D) MANAGUA 424,
E) MANAGUA 287, F) MANAGUA 274, G) MANAGUA 106, H) MANAGUA 0002, I)
07 MANAGUA 2581, J) 02 MANAGUA 877

SUMMARY

1. (SBU) During the June 26 monthly Working Group meeting on property issues, Government of Nicaragua (GON) officials stated that U.S. claimants finalized 18 out of the 42 "close to resolution" claims with final settlements before the June 16 deadline. GON officials agreed to improve cooperation and flexibility with claimants to clarify their settlement offers and to find alternative solutions to resolve additional cases. Econoff pressed the GON to resolve claims under the control of government institutions and the Army before the end of the Section 527 waiver year. The GON appears eager to resolve more claims this year than last to improve its prospects for a waiver.

18 CLAIMS FINALIZED; REMAINDER DEPOSITED IN ESCROW

2. (SBU) During the June 26 monthly Property Working Group meeting, Econoff met with the head of the Office of Assessment and Indemnification (OCI), the director of the National Confiscations Review Commission (CNRC), and an official from the Office of the Property Superintendent to discuss the final tally of 42 claims that, in the GON's view, were ready for final settlement, pending additional paperwork and claimant signatures by June 16 (Refs A-C).

3. (SBU) Ruth Zapata, head of OCI, reported that 18 out of the 42 U.S. citizen claimants had finalized their cases. She added that the GON deposited indemnification bonds (BPIs) for the other 24 cases in escrow with the Finance Ministry for claimants to withdraw later should they decide to settle on the government's terms at some future date. She noted that these claimants could now no longer pursue their claims via the administrative process and hence must take their cases to court if they do not want to accept BPIs. Econoff requested copies of the final settlement documents, "finiquitos," for 11 of the settled claims. [Note: We have received finiquitos for 7 out of the 18 U.S. citizen claimants who accepted the GON's settlement offer. Including these 7 claims, the GON has resolved 23 cases during this waiver year. End Note]

GON PROMISES BETTER COOPERATION WITH CLAIMANTS

4. (SBU) Property Office staff and GON officials also reviewed 41 additional claims. Econoff pressed for better cooperation and flexibility with claimants. Econoff explained that some claimants had refused to finalize their cases simply because the GON has not

explained to them how it determined their final settlement offers. He also noted that other claimants seek alternative solutions, such as a land swap, instead of accepting BPIs. Econoff urged the GON to do all it can to resolve as many claims as possible during the balance of this waiver year. GON officials agreed to work with claimants whose cases are close to final resolution.

NO CLAIMS RESOLVED UNDER GON CONTROL

15. (SBU) Econoff pointed out that the Ortega government has not resolved any claims for properties under its control during this waiver year, and he pressed GON officials to do so. Zapata responded that there are several claims close to resolution and she and her colleagues are working with the Nicaraguan Army and government ministries to wrap up pending legal and logistical issues. Zapata highlighted that she met with Econoff and U.S. claimant Juan Barreto, co-owner of the Las Serranias residential complex (Ref J), on June 20 and she awaited his proposal as a starting point for negotiations to resolve his claim for 29 properties under Nicaraguan Army control. Econoff noted that the Ambassador received the proposal on June 26 and it would be sent immediately to Attorney General Hernan Estrada.

COMMENT

16. (SBU) The GON appears eager to resolve more claims this year than last to improve its prospects for a waiver. GON working-level officials are carefully tracking the number of claims that we consider resolved cases. They believe that the Ortega government would be in a good position to receive a waiver if the GON equals or better the number of claims it resolved last year (34).

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